

567 West Lake Street
Chicago, Illinois 60661-1498
TEL 312 664-7200
www.transitchicago.com

To: Chicago Transit Authority Board

From: Dennis O. Anosike, Chief Financial Officer 

Re: Financial Results for September 2008

Date: November 10, 2008

CTA's financial results for September 2008 show a deficit of \$3.0 million for the month and \$5.1 million for the first nine months. The financial results incorporate the amended budget approved at the July board meeting. The deficit for the year is primarily driven by lower reduced fare reimbursements. Subsequent to CTA's 2008 amended budget amendment, the Governor cut the Reduced Fare Reimbursement. The Illinois legislature restored the funding but the bill has not been signed by the governor yet. Without restoring this funding, CTA will incur an \$18.5 million revenue shortfall.

Sales tax for the RTA region under the 1983 formula equaled \$423.8 million through July 2008. This is \$10.8 million or 2.5% less than budget and \$0.9 million less prior year. Sales tax distributed to CTA from the 1983 formula equaled \$170.0 million and was less than budget by \$1.4 million, but was on par with prior year. Real Estate Transfer Tax (RETT) receipts are falling well below expectations. The 2008 budget estimated RETT at \$63.0 million; based on the City's current forecast, RETT is estimated at \$47.0 million.

Ridership for the month of September was 47.1 million and was 0.4 million or 0.9% more than the amended budget and was 4.0 million or 9.3% more than September 2007. For the year, ridership is 395.2 million which is 1.5 million or 0.4% more than the amended budget and 21.8 million or 5.8% higher than prior year.

Public Funding Required for Operations for the month was \$54.2 million or \$3.0 million more than the amended budget resulting in a \$3.0 million budget deficit for the month. For the year to date, public funding was \$494.7 million which is \$5.1 million more than amended budget. This deficit is due to the loss of reduced fare reimbursement.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 53.84% for the month and was favorable by 1.28 percentage points. For the year, recovery ratio was 49.59% and was favorable by 0.38 percentage points.

Operating Expenses for the month and year equaled \$99.4 million and \$897.3 million, respectively. For the month operating expenses were \$0.2 million more than budget but were \$2.4 million less than budget for the year.

Labor Expense was \$72.9 million for September and \$654.6 million for the year. This was \$1.0 million more than amended budget for the month but was \$0.3 million lower for the year. The current month overage reflects overtime necessary for the storm and flood damage. With the emergency declaration for Cook County for September 14th through October 5, 2008, it is expected that FEMA will reimburse CTA up to 75% of the eligible costs.

Material Expense was \$8.6 million for the month and was \$0.4 million more than the amended budget due to bus engines. For the year, material expense was \$67.3 million and was \$0.2 million less than amended budget. Compared to prior year, material expense is \$6.2 million or 10.2% higher.

Fuel for Revenue Equipment was \$7.5 million for the month and \$66.4 million for the year. This was \$0.2 million less than amended budget for the month and was \$0.2 million more than amended budget for the year to date.

Electric Power for Revenue Equipment was \$2.8 million for the month and \$25.5 million for the year. Power expense was \$0.2 million less than amended budget for the month but was \$1.2 million less than amended budget for the year to date.

Provision for Injuries and Damages Expense was \$0 for the month and \$14.0 million year to date and is on par with amended budget.

Purchase of Security Services was \$3.0 million for the month and was on par with amended budget. Year to date security expense is \$23.3 million and was \$1.2 million less than amended budget.

Other Expenses equaled \$4.6 million for the month and were \$0.7 million less than amended budget. Year to date, Other Expenses were \$46.2 million and were \$0.3 million more than amended budget due to timing differences.

System-Generated Revenue was \$45.2 million for the month and \$402.5 million for the year. This was \$2.7 million less than the amended budget for the month and was \$7.5 million less for the year primarily due to the loss of reduced fare reimbursement revenue.

Fare Revenue was \$42.0 million for the month and \$355.8 million for the year. This was \$0.9 million more than the amended budget for the month and \$4.7 million more for the year to date. The higher revenue is attributed to higher ridership and a higher average fare. The average fare for the month of September was \$0.89 per ride and was \$0.01 higher than amended budget. The average fare for the first nine months was \$0.90 and compared favorably to budget by \$0.01. Compared to prior year, fare revenue is \$4.3 million higher than September 2007 and \$11.7 million higher for the year due to higher ridership, slightly offset by a lower average fare. The average fare declined \$0.02 from prior year primarily due to the free ride programs.

Reduced Fare Reimbursements were (\$0.3) million for the month and \$14.5 million for the year. This was \$3.0 million less than budget for the month and was \$9.4 million less than the amended budget for the year to date due to the loss of reduced fare reimbursement.

Advertising, Charter and Concessions Revenue equaled \$2.3 million in September and was on par with the amended budget. Year to date revenue for this category was \$20.8 million and was \$0.3 million less than amended budget.

Investment Income was \$0.2 million for the month and \$3.3 million for the year. This was \$0.4 million less than amended budget for the month and \$1.3 million less for the year due to a lower cash balance. The State of Illinois owes CTA \$20.0 million for capital projects. CTA's cash and investment balance at the end of September equaled \$13.5 million. This was \$67.7 million less than prior year and \$118.2 million less than the beginning of the year.

Statutory Required Contributions were \$0.0 million for the month and \$0.0 for the year to date and were on par with amended budget.

All Other Revenue was \$1.1 million for the month and \$8.1 million for the year. This was \$0.2 million less than the amended budget for September and \$1.2 million less for the year. This is due to lower revenue from rental property, capital grants and miscellaneous revenues. The lower rental property revenue reflects the delayed implementation of the real estate property management outsourcing. Miscellaneous revenues are below amended budget due to limited tickets issued for vehicles parked at CTA bus stops. Lastly, lower revenues from grants reflect the delayed implementation of the cold start engine initiative.

Actual Financial Results vs Budget - Budgetary Basis

Current Period: SEP-05

Currency: US\$
CO-1 (CTR)

In Thousands of Dollars	Current Month		Year to Date	
	SEP-05	Variance Fav/(Unfav)	SEP-05	Variance Fav/(Unfav)
Operating expenses				
Labor	72,501	(1,960)	654,538	277
Material	8,581	(1,375)	67,272	213
Fuel-revenue equipment	7,462	202	66,398	(155)
Power-revenue equipment	2,802	162	25,472	1,235
Provision for injuries & damages	0	0	14,000	0
Purchase of security services	2,992	15	21,291	1,159
Other expenses	4,530	741	46,179	(330)
Total operating expenses	99,368	(215)	897,251	2,398
System generated revenue				
Fare box revenue	21,576	(803)	192,038	659
Passes	20,411	1,705	163,786	4,028
Total fare and pass revenue	41,987	902	355,804	4,687
Reduced fare subsidy	(133)	(2,981)	14,488	(9,444)
Advertising, charter, concessions	2,294	(35)	20,838	(346)
Investment income	181	(418)	3,262	(1,251)
Statutory Required Contributions	0	0	0	0
Other revenue	1,053	(207)	8,116	(1,393)
Total system generated revenue	45,381	(2,798)	402,507	(7,546)
Public funding required for operations	54,187	(2,984)	494,743	(5,147)
Recovery ratio %	53.84	1.28	49.59	0.38
Passenger Trips				
Bus	29,310	462	246,582	2,025
Rail	16,781	(6)	123,899	(423)
Total passenger trips	44,113	455	370,481	1,602
Rail to Rail Transfer	3,019	(12)	24,674	(80)
Total RTD Passenger Trips	47,130	443	395,155	1,522
Current Period	21		192	
Workdays	4		39	
Saturdays				
Sunday/Holidays	5		43	